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ABSTRACT

This study examined characteristics of families who remained on welfare, comparing the economic, social, and demographic characteristics of women remaining on welfare to welfare leavers and low-income women who had never been on welfare; how the characteristics and income of employed women on Temporary Assistance for Needy Families (TANF) compared to those of unemployed women not on TANF; how the incomes of employed and nonemployed women remaining on TANF compared to the incomes of employed and nonemployed women who had left TANF; variations in life experiences among those on TANF; and variations in the reasons people received welfare. Data came from the Three-City Study in Boston, Chicago, and San Antonio. Women remaining on TANF had average employment rates of 18 percent and poverty rates of 85 percent

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compared to TANF leavers' employment and poverty rates of 60 and 70 percent. About 40 percent of stayers had less than a high school education, and many had high levels of depression and domestic violence (similar to TANF leavers). Employed recipients had higher educational levels and better health than did nonemployed recipients. They also had significantly higher income because their earnings were not fully offset by lower benefits. Nonemployed recipients had higher incomes than nonemployed leavers. (Contains 10 endnotes.) (SM)

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The Characteristics of Families Remaining on Welfare

Policy Brief

Welfare, Children & Families: A Three-City Study

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Welfare, Children & Families

Policy Brief 02-2 A THREE-CITY STUDY

The Characteristics of Families Remaining on Welfare

"Stayers" (families remaining on welfare) are slightly more disadvantaged than "leavers" (families that have left welfare) but very disadvantaged relative to low-income families that have never been on welfare. Brief portraits of stayer families are presented.

Summary

Women remaining on TANF in three cities—Boston, Chicago, and San Antonio—have average employment rates of 18 percent and poverty rates of 85 percent. These compare to an employment rate among TANF leavers of about 60 percent and a poverty rate of 70 percent, on average. About 40 percent of stayers have less than a high school education, and many suffer from high levels of depression and domestic violence; these characteristics do not differ greatly from those of TANF leavers. They are more likely to report being in poor health than are leavers. Employed recipients have higher levels of education and better health than nonemployed recipients. They also have significantly higher income because their earnings are not fully offset by lower benefits. Nonemployed recipients nevertheless have higher incomes than nonemployed leavers, who have neither earnings nor TANF benefits.

The historically unprecedented wave of welfare reforms sweeping the country in the early 1990s, embodied in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), has brought the most drastic and deep-seated reforms in the welfare system for single mothers since the inception of the AFDC program in 1935. An equally unprecedented decline in the welfare rolls has accompanied this wave of reform. Nationwide the recipient caseload of the AFDC-TANF program dropped by almost 50 percent from 1994 to 1999. Most researchers think that the caseload decline has been the result of a combination of changes in the welfare system following PRWORA as well as the strong economy and policy developments that expanded the benefits of the Earned Income Tax Credit (EITC) and other programs for nonwelfare families.

Most studies of welfare reform to date have examined women who have left welfare since reform began. These studies have examined how such welfare "leavers" have fared in terms of employment, income, and many other outcomes.[1] In this policy brief we focus instead on welfare "stayers," those who have remained on TANF after welfare reform. As the congressional debate over reauthorization approaches and as discussions of welfare reform evolve, attention has increasingly focused on this group. Most observers assume that the most disadvantaged families with the greatest difficulties in leaving welfare and obtaining employment are still on the welfare rolls.[2] A few studies have already examined families remaining on welfare and have found them to be slightly more disadvantaged than women who have left welfare and to possess greater "barriers" to employment.[3]

In this study we provide new information on families remaining on welfare. Our analysis sheds light on four issues:

- how the social, economic, and demographic characteristics of women remaining on welfare compare to those

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Table 1

Demographic and Social Characteristics of TANF Stayers, Leavers, and Those Never on TANF

	Stayers	Leavers	Never on
Have Not Attained High School Degree or GED	39%	32%	35%
Age 25 or older	70%	65%	78%
Children Under 3 in Household	53%	51%	40%
Functional Disability	26%	11%	8%
Depression Score Above Clinical Cut-off	11%	14%	4%
Ever Experienced Domestic Violence	70%	65%	51%
Network Support Above Median for the Sample	50%	52%	54%

of women who have left welfare and to those of low-income women who have never been on welfare;

- how the characteristics and incomes of those who are on TANF and are employed compare to those who are on TANF and are not employed;
- how the incomes of employed and nonemployed women remaining on TANF compare to the incomes of employed and nonemployed women who have left TANF; and
- how great is the variation in life experiences among those on TANF and in the reasons they are on welfare.

Our findings are based on the experiences of families in Boston, Chicago, and San Antonio, three large cities in the U.S. with differing populations and located in states with a range of welfare policies. The Three-City Study (see description on page 8) includes a survey, a study of children's development embedded within the survey, and an ethnographic study. The longitudinal survey comprises interviews with approximately 2,400 low-income families with children who are living in low- and moderate-income neighborhoods in these three cities. The first wave took place between March and December 1999 and is used for this brief. We focus primarily on women who were on the rolls sometime in the two years immediately prior to the interview (approximately 1997 to 1999) and who were still on the rolls at the interview date. We also conduct some comparisons of women who were on the rolls in those two years but off welfare at the interview date as well as women who had never been on welfare (both nonwelfare and welfare families are included in the survey). The survey collected a wide range of information on employment, income, family structure, and characteristics of the primary caregiver of the children in the family. In more than 90 percent of the families, the caregiver was the mother, and we will refer to them as "mothers" here. Given that this range of information is considerably broader than that contained in the data sources that have been used for most other welfare stayer studies, we are able to document more fully how welfare stayers have been doing.

The ethnographic component of our study consists of data gathered on a monthly basis since September 1999, from an additional 242 African-American, Hispanic, and non-Hispanic-white families residing in the same low-income neighborhoods as the survey respondents. As in the survey component, all families have household incomes that are below 200 percent of the federal poverty line. Roughly half of these families were receiving TANF benefits at the time they agreed to participate in the study, and most had at least one child 2 to 4 years of age. Families were to be visited over a 12- to 18-month period. The fieldworkers observed family life and conducted a series of semi-structured interviews on topics such as health and use of public assistance programs. The findings reported here reflect the experiences of these families during their first year of participation in this ongoing ethnography.

During 1999 and 2000, the economy was strong and the welfare rolls plummeted in all three states in which our cities are located, as they did nationally.[4] The rates of decline of the unemployment rate and the TANF rolls have been roughly similar across the three cities, and the magnitudes have been approximately those of the nation as a whole. Our three areas can, therefore, be regarded as not very different from the rest of the country in these broad dimensions. The populations of the three cities are somewhat different from one another, with a greater number of Puerto Rican families in Boston and a greater number of Mexican-American families in Chicago and San Antonio. Since relatively few low-income white families live in inner city neighborhoods in Chicago and San Antonio, we draw most of our white families from Boston. Our sample includes African-American families from all three cities. The TANF policies in the three cities also differ (see sidebar on page 7).

Characteristics of Women Remaining on Welfare

There are a large number of standard sociodemographic characteristics that are typically reported in welfare reform studies such as ours. We will present a selected number of these characteristics for the women remaining on welfare in our sample, and present a larger number in our background paper.[5] We also present information on a number of other characteristics less often presented, which attempt to measure more accurately severities of physical and mental health and personal and family circumstances. These include:

- *Functional disability.* We constructed this measure from two questions. The first asks the respondent whether she has an ongoing physical or mental health problem or disability that prevents her from working. If her answer is negative, she is asked a second question: whether she has an ongoing physical or mental health problem or disability that limits her in the kind of work or amount of work that she can do. We consider a woman to have a functional disability if she answered yes to either of these questions.
- *Depression.* Our measure is derived from six questions that constitute the depression scale of the Brief Symptom Inventory.[6] We report the percentage of women who scored above a clinical cut-off indicating a possible need for mental health services.
- *Domestic violence.* We use a set of eight questions on types of violence, ranging from threats (did someone threaten to hit you?) to actual violence (use a weapon on you?). We report the percentage of women who said they had experienced any of the types of domestic violence.
- *Social network support.* The network support scale is constructed from a set of four questions asking whether the respondent can rely on people for various kinds of help. We report the percentage of mothers who have greater support than the median family in the entire sample.

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Welfare recipients are a disadvantaged population, as a whole, and stayers are slightly more disadvantaged than women who have left welfare.

Table 1 shows these and other demographic and social characteristics of stayers and compares them to characteristics of women who had left TANF within two years of the 1999 interview date (leavers) and to those of women who had never been on TANF. We find that stayers are a generally disadvantaged group:

- Thirty-nine percent have not attained a high school degree or GED, more than leavers or those never on welfare.
- Over half (53 percent) have a child under 3, a much larger percentage than those never on.
- About one-quarter (26 percent) have a functional disability, a much larger percentage than leavers.
- They have higher levels of depression than women never on welfare and are more likely than leavers and those never on to have experienced domestic violence.

This evidence is consistent with that of prior studies indicating that welfare recipients are a disadvantaged population, as a whole, and that stayers are slightly more disadvantaged than women who have left welfare. However, we also find that stayers and leavers are quite similar to each other when compared to low-income women who have never been on welfare (the major exceptions are functional disability, where stayers and leavers are quite different, and education and network support, where those never on are not very different from leavers and stayers). Having been on welfare at some point is itself a strong indicator of disadvantage.

Incomes of TANF stayers are also very low, and they are heavily dependent on welfare income:[7]

- Total household income is only about $1,000 per month.
- The poverty rate of our TANF stayers is 85 percent, including the EITC.
- Only 18 percent are employed, and earnings are only $89 per month, constituting less than a tenth of household income.
- The majority of their income comes from TANF, food stamps, and SSI; there is very little child support or financial help from friends and relatives.

The EITC makes essentially no difference to the income levels or poverty rates of our welfare stayers because less than a fifth work and because the earnings of those who work are very modest.

The employment rates are much higher among stayers in Chicago (32 percent) than among those in Boston and San Antonio (11 percent). This may be a result of economic incentives. Earnings disregards are the smallest in Texas, for example, possibly explaining its low employment rate. In Illinois, months in which recipients work 30 hours or more per week do not count against the five-year time limit (i.e., the clock "stops"), possibly explaining the higher employment rate there.

Characteristics of Employed and Nonemployed TANF Stayers

Although TANF stayers are a very disadvantaged group as a whole, there are subgroups whose incomes are quite different. While there are some income differences between stayers who are more or less educated, who have differing health statuses, and who differ along other dimensions, the most important indicator of a recipient's income is employment. As shown in Table 2, both the sociodemographic characteristics and levels and sources of household income differ sharply according to whether or not a TANF recipient was employed:

- Employed stayers have more education, are younger, have fewer young children, have lower levels of functional disability and slightly lower depression scores, and have higher levels of network support, but they also are more likely to have experienced domestic violence;
- Monthly income is $500 higher for employed stayers, and their poverty rate is 24 percentage points lower.

The higher monthly incomes of stayers who are employed comes from the extra income they obtain from their jobs. TANF benefits are not much lower for employed stayers, implicitly reflecting a low benefit reduction rate (i.e., for each dollar of income from employment, their TANF benefits are reduced by less than a dollar).[8] The net result is that working for pay while on welfare brings significant rewards in terms of overall income.

Comparisons with Leavers

Average incomes of all families remaining on welfare are lower than those of women who have left by about $100/month.[9] This relatively small difference arises because the higher earnings of TANF leavers—their employment rates are almost 60

Table 2

Sociodemographic Characteristics and Income of TANF Stayers, by Employment Status

	Employed	Nonemployed
Sociodemographic Characteristics:		
Have Not Attained High School Degree or GED	31%	40%
Age 25 or older	60%	72%
Children Under 3 in HH	45%	55%
Functional Disability	16%	27%
Depression Score Above Clinical Cut-off	7%	12%
Ever Experienced Domestic Violence	77%	68%
Network Support Above Median for the Sample	61%	47%
Income:		
Total Household Income	$1,382	$879
Poverty Rate (including EITC income)	65%	89%
Earnings:		
Individual	$454	$0
Others in Household	$317	$140
TANF	$217	$262
Food Stamps	$238	$246
SSI and SSDI	$116	$158
Child Support	$19	$30

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Table 3

Monthly Income of TANF Stayers and Leavers, by Employment Status

	Stayer		Leaver	
	Employed	Not Employed	Employed	Not Employed
Total Household Income	$1,382	$879	$1,396	$719
Poverty Rate (including EITC income)	65%	89%	50%	93%
Earnings:				
Individual	$454	$0	$951	$0
Others in Household	$317	$140	$221	$316
TANF*	$217	$262	$2	$11
Food Stamps	$238	$246	$87	$110
SSI and SSDI	$148	$221	$100	$179
Child Support	$19	$30	$36	$97

*Includes TANF payments from others in the household.

percent compared to 18 percent for welfare stayers—are largely canceled out by the loss of TANF benefits. Leavers also have lower food stamp income, which contributes to the small income differential. The EITC does not make much of a difference on average because earnings levels of leavers are relatively modest; 40 percent of them do not work and hence receive no EITC, and some who are eligible do not apply for the credit.

Table 3 compares employed and nonemployed welfare stayers with employed and nonemployed leavers. We find that:

- Monthly incomes of employed stayers ($1,382) are essentially the same as those of employed leavers ($1,396).

The income parity between the two groups arises because the substantially higher earnings of employed welfare leavers ($951 per month as against $454 for employed stayers) are almost entirely offset by lower transfer benefits, particularly the lack of TANF income but also reduced food stamp income. These income figures do not include EITC receipt, which is, on average, $152 per month for employed leavers; including EITC income would therefore make the income difference somewhat greater. Potential EITC income ($196) is greater than the actual EITC income received because 22 percent report that they either did not file an income tax return or filed one and did not apply for the EITC on it.

Table 3 also shows that

- Monthly incomes of nonemployed stayers ($879) are higher than monthly incomes of nonemployed leavers ($719).

The difference arises simply because nonemployed leavers have neither earnings nor TANF benefits—and also lower food stamp benefits—and hence no major source of income support.

These differences are graphically illustrated in **Figure 1**. Employed leavers and stayers have approximately the same income, while both nonemployed leavers and stayers have much lower income levels. Thus employment is a much more important determinant of income than welfare status. Nonemployed leavers, however, have incomes considerably below those of nonemployed stayers. The latter group, who have neither earnings nor TANF benefits, are the worst-off group among the four.

The demographic characteristics of the four groups also show that nonemployed leavers are a disadvantaged group. They have the lowest levels of education: about 46 percent do not have a high school degree, as compared to 40 percent of nonemployed stayers, 19 percent of employed leavers, and 31 percent of employed stayers. About 17 percent are functionally disabled, which is less than that of nonemployed stayers (see **Table 2**) but more than that of either employed group. They have higher rates of marriage (20 percent) and cohabitation (9 percent) than most of the other groups, perhaps signaling the need for income assistance from other family members.

Ethnographic Case Studies

Our survey data portray a stayer population that is very disadvantaged on average, with low levels of education, serious health problems, high levels of domestic violence, and very low employment rates. They are also quite dependent on welfare, on average, for almost three-quarters (73 percent) had been on TANF for the full two years prior to interview, and almost two-thirds (63 percent) received three-quarters or more of their monthly income from welfare sources. But not all women on welfare fit this average portrayal, and some are not as disadvantaged as it implies.

Survey data cannot go far beyond this in detailing the lives of TANF stayers, but ethnographic data have this capability. In this section, we provide illustrations of actual TANF families from our ethnographic component which provide a richer description of lives in which health, domestic violence, and employment problems occur. The ethnographic data also allow us to discern in a way the survey cannot the reasons that women are on TANF, which vary considerably across the caseload. We describe four cases, two of whom are long-termers and two of whom are short-termers or cyclers.

Long-termers

Many of the long-term recipients in our ethnographic data face a multiplicity of problems, including physical and mental health problems, problems of domestic violence, low levels of education, and lack of work experience. They are clearly on welfare because the seriousness of their difficulties would make self-sufficiency off the rolls very problematic. Others, however, have been on welfare for long periods because they are caring for children or adults with health conditions or disabilities that require a substantial investment of time. Many of these mothers feel that they would be unable to find employment that would provide them with the flexibility they need in order to meet the demands of caregiving.

Multiple problems.

Janet is a 40-year-old African-American mother of three. Only Chanice, her 2-year-old daughter, still lives with her. Janet's middle child lives in another region of the country with her father. Janet's oldest child, Ricky, is 21. He lives alone but visits monthly. Ricky's father died when he was 13. At Janet's request, Ricky was often sent to live in foster homes during his youth. There were times when she knew that she could not properly care for him. Chanice was recently expelled from her early intervention program for pulling children's hair and biting them and her teachers. Janet says that she was using cocaine while pregnant with Chanice.

Chanice's father, Byron, has a violent temper and was recently released from jail. Janet has been with him for four years despite his repeated physical abuse. In fact, she has been in several abusive relationships. Janet's uncle Chris, his wife, Lisa, and their two daughters, Clara and

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Many of the long-term recipients in our ethnographic sample face a multiplicity of problems.

Tara, also live in the three-bedroom apartment. Chris does not work, but his wife is a nurse.

Janet believes that Chanice should stay home with her until she is 5 years old rather than attend formal day care and preschool. Social Services has been providing parenting services and monitoring Chanice since Janet was reported for child abuse and neglect. Uncle Chris is Chanice's disciplinarian because, Janet says, she won't listen to her mother. Janet hopes to learn parenting techniques other than yelling. She says that it makes her feel guilty when she yells at Chanice. One thing Janet does to compensate is to watch the Cosby show with Chanice. Janet says, "I want her to see positive black people."

Janet moved to Boston on her own when she was 17. She refuses to discuss her life before that time. She became addicted to cocaine shortly after moving to the city. She also sold drugs sometimes because "welfare doesn't give me enough money to survive." Janet stopped selling drugs three years ago and stopped using cocaine six months ago. However, she still smokes two packs of cigarettes a day, and she says she has recently been diagnosed with cancer.

Janet has been on welfare for over 20 years, and she receives food stamps. Despite being held back in the 9th and 12th grades, she did graduate from high school. She said she often considered dropping out when she was in school but would have missed her friends. It is not clear if she has ever worked for wages. Janet knows that she could attend community college for free but does not see how the degree would benefit her. Recently she became pregnant again but had an abortion and a tubal ligation.

Caring for children with health problems. Theresa is an African-American woman with three children who have health problems that require medication. Her 5-year-old son has asthma and speech difficulties, her 9-year-old daughter has diabetes and a seizure disorder, and her 13-year-old adopted nephew has attention deficit disorder. Although she wants to work, she said that the medical problems of her diabetic daughter prevent it. She is often called to school to pick up the daughter when she is not feeling well, usually when her blood sugar drops too low; and her daughter's seizures require frequent doctor appointments. In addition, she often has to meet with the probation officer assigned to her nephew, who has run away and been absent from school several times. No job, she feels, would give her the flexibility to deal with her caregiving responsibilities. Yet even though she feels she cannot take a steady job, she has spoken to her children about the importance of work.

Theresa sets clear boundaries for her children and gives them age-appropriate responsibilities such as cleaning up after themselves. She doesn't believe in spanking. She discusses important topics with them ranging from good and bad "touching," drugs, and peer pressure to the difficulties of growing up poor and African-American. Moreover, she feels that all the children are old enough to understand why they can't have seconds at meals and why there isn't enough money to buy all the things they want. She's also very involved in her children's education and attends parent-teacher meetings at their schools. All the children have library cards and use the local branches.

In addition to TANF and food stamps, Theresa receives a disability check for her 9-year-old and a stipend from the Social Services department for raising her nephew. Despite planning meals carefully a week at a time and doing some bulk food shopping, she said, "I cannot afford to feed my children the way they should be fed." She needs to use some of her food stamp money to purchase special snacks for her diabetic daughter. As a result, she has little money for items that tend to be more expensive, such as fresh fruits and vegetables. WIC used to help, but now that her youngest child is 5, she is no longer eligible. A food pantry is nearby, but since welfare reform, she said, they have limited the amount of food she can receive.

Several of the men with whom Theresa has had relationships abused her, sometimes in front of the children. She showed the fieldworker a gap in her mouth where her front teeth should be and said that was the result of one of her relationships. Medicaid won't cover replacing them, she said, and she can't afford to go to a dentist on her own. She receives no child support from the fathers of her children. Despite the difficulties of being a single mother, Theresa finds it preferable to having a partner. She enjoys being the boss of her household and says, "I do not need a man to be present in my life or in my household."

Short-termers and cyclers

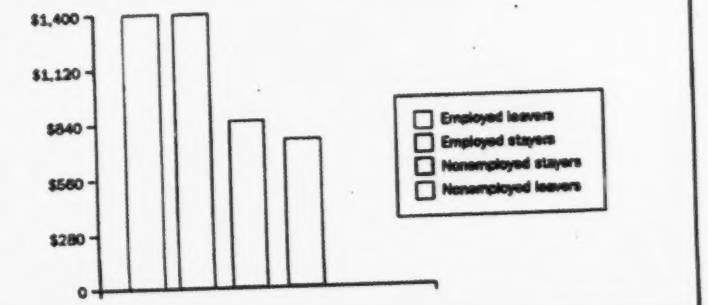
Other women have been receiving TANF for shorter periods or have been cycling on and off the rolls. Some use welfare benefits for a specific need, such as support during pregnancy and childbirth. Others have financial needs they regard as temporary. A minority are employed. Of those who are, their TANF benefits have been reduced but not dollar for dollar, leaving them with a higher total income than TANF alone would provide. For many of these women, a period of employment while still receiving TANF appears to be a transition to moving off the rolls.

Cycles

Gina is a 28-year-old Latin American

Figure 1

Monthly Household Income, by Employment and Welfare Status



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mother of three who lives in a privately owned Section 8 apartment. She just gave birth to her third child, Mike, two months ago. The other two children, Sheila and Mary, are 2 and 6. Mary is a second grade student at a nearby elementary school. Mary's father, James, is no longer romantically involved with Gina, but they remain on good terms. He still visits his daughter. Carlos is Sheila and Mike's father. He has been to prison and was involved in drugs. Carlos takes his children elsewhere when he wants to see them. Neither father lives with Gina and her children.

Gina has used welfare temporarily after the birth of each of her children. She stopped working when she was eight months pregnant with her first child and began receiving TANF, WIC, and food stamps. After about nine months, she left welfare and returned to work. When Sheila was born, she returned to welfare for another stay of several months, then again returned to full-time work. Her short stays on welfare, she said, help her care for her newborns and get back on her feet.

Because of Mike's birth, Gina is back on welfare now. But she said that she will return to work in a few months. She knows that she may need to use TANF in the future and that there is a limit on the number of months she can receive, so she does not want to use too much time now. Since she left work, she has found it difficult to pay all her bills. She said she is constantly asking for loans and that she cannot afford clothing for herself or her children. She depends on other people to buy disposable diapers. In contrast, she said, when she was working she was able to cover basic expenses and her credit card bills.

Gina has her GED and has worked full-time at a dry cleaners and as a medical assistant. The latter job, which she got through the Internet, included health insurance and vacation time. When she is working, her mother cares for her children on weekdays, and her sister stays over on Friday nights and cares for the children on Saturdays. She said that without the help of her mother and sister, she cannot do anything.

Employed short-termer.
Barbara is a 29-year-old European-American woman with a 4-year-old son and a 2-year-old daughter. The two children have different fathers. The older child's father sees his son irregularly and is described by Barbara as unreliable. She cited an occasion during which he was supposed to keep the boy for a long weekend but returned him after a day. Barbara heard that he went to a friend's house and got drunk. Barbara introduced the father of her younger child as her fiancé and said they plan to marry as soon as they have enough money. The fiancé was present during many of the fieldworkers' visits.

Barbara has used her time on welfare to obtain job training and to work part-time. A year earlier, she had completed a training program as a medical office assistant. The agency that trained her hired her for 30 days, but after that she was unable to find a position, even with the help of a career counselor from the agency. Currently, she is working part-time as a teaching assistant at a child care center. Some weeks she works as little as one day, others three or four, but typically two.

To care for her children when she works, Barbara just takes her children with her to the child care center. The state gives her a voucher that covers the costs. She doesn't have a car and says she doesn't mind walking, even long distances. She gets support from her extended family. During one interview, her brother was there to help out. And she reported that she had lived with her mother for 10 years before moving out (and enduring a period of homelessness).

Barbara says she earns about $3,000 per year from her work and about $5,000 per year from TANF. Often she finds herself short of money. She was behind in her rent because her son was sick, and both children needed winter clothes. (She doesn't get a clothing allowance for her son because he was born after she was already receiving TANF and falls under the family cap rule.) All her children's clothes are bought at a Goodwill Industries store. She made no mention of her fiancé's contributing to the household income. How soon they will be able to realize their plan to marry isn't clear.

The prospects of leaving the rolls obviously differ for these four women. It is difficult to imagine Janet becoming economically self-sufficient anytime soon. She and women in comparable life situations are likely to remain on TANF as long as time limits allow and to be candidates for the 20 percent exemption from time limits allowed by PRWORA. Theresa is likely to hold off working as long as it interferes with her caregiving responsibilities despite her positive attitude toward work. In contrast, Gina and Barbara may be off TANF before time limits force them off. Each seems to be using TANF strategically—Gina to manage the births of her children, and Barbara to acquire job training and work experience. Neither has a certain future but both foresee a day when they will no longer be receiving cash assistance.

Conclusions

Our examination of the characteristics and well-being of women who have remained on the TANF rolls subsequent to welfare reform in three cities has produced several findings:

- Stayers are considerably more disadvantaged than women who have never been welfare recipients in many economic and noneconomic dimensions.
- Stayers are also somewhat more disadvantaged than leavers, but both groups are more similar to each other on many indicators than to women who have never been on welfare.
- The most important characteristic differentiating economic well-being among stayers is employment; employed stayers have considerably higher incomes and lower poverty rates than those who are not employed. Employed stayers have lower TANF benefits than nonemployed stayers, but their higher earnings outweigh those lower benefits. Also, employed stayers have greater educational levels and fewer physical and mental health problems than nonemployed stayers.
- The incomes of employed stayers are lower than those of employed leavers but not by much. The higher earnings of the latter group are largely canceled out by lower TANF and food stamp benefits.
- The incomes of nonemployed stayers are greater than those of nonemployed leavers. The latter have low incomes because they have neither earnings nor TANF benefits.
- Despite their sociodemographic similarities, stayers differ significantly in their reasons for remaining on welfare and in their prospects for moving off welfare. Long-term recipients who have multiple problems or who are caring

for ill or disabled kin are unlikely to become economically self-sufficient, whereas short-term and cycling recipients who use TANF on a more temporary basis or who are already employed are better candidates for self-sufficiency, although many still face barriers to steady employment.

The main conclusion we draw from our analysis is that many women remaining on welfare are quite disadvantaged. They have low levels of education, serious health problems, high levels of domestic violence, and very low employment rates. The second conclusion we draw is on the importance of employment for economic well-being, for employed women have significantly higher incomes than nonemployed women whether on welfare or off. It is particularly important to note that this holds for women on welfare, where the greater earnings of employed stayers result in incomes much above those of stayers who are not employed. This implies that there are large potential income gains to be had by working and remaining on welfare. In addition, our findings on the incomes of nonemployed leavers imply that there is a large potential income loss associated with any stayer who leaves the rolls and does not secure work. This suggests that policy-makers carefully consider the desirability of supporting employment per se, even on welfare, as opposed to moving women off the welfare rolls, regardless of their employment status when off.

Policy-makers also must reconsider how to serve the most disadvantaged families. Service providers are used to thinking of welfare families as having the lowest incomes and greatest needs, but our study suggests that this is not always the case. Rather, some of the most impoverished families are no longer receiving TANF, as indicated by our finding that the household incomes of nonemployed leavers are even lower than nonemployed stayers. Agencies in search of parents and children who most need assistance must now look at families off the rolls as well as on.

Notes

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1. S. Brauner and P. Loprest, "Where Are They Now? What States' Studies of People Who Left Welfare Tell Us," ANF Paper Series A, No. A-32 (Washington: The Urban Institute, 1999); G. Acs and P. Loprest, "Initial Synthesis Report of the Findings from ASPE's 'Leavers' Grants" (Washington: Urban Institute, 2001).
2. A Three-City Study of leavers found that there is also a group of leavers who are not doing well. Thus some of the most disadvantaged are found off TANF as well. See R. Moffitt and J. Roff, "The Diversity of Welfare Leavers," Three-City Study Policy Brief 00-02 (Baltimore: Johns Hopkins University, 2000); available at http://www.jhu.edu/~welfare.
3. S. Smith, "Background on the Composition of the TANF Caseload Since Welfare Reform" (Washington: Brookings Institution, 2001).
4. The exact trends in caseloads and unemployment in our states are shown in our background report, R. Moffitt, A. Cherlin, L. Burton, M. King, and J. Roff, "The Characteristics of Women Remaining on Welfare," Background Working Paper 02-02, Johns Hopkins University, 2001. Available at http://www.jhu.edu/~welfare.
5. Moffitt et al., "Characteristics of Women."
6. L.R. DeRogatis, *Brief Symptom Inventory* (Minneapolis: National Computer Systems, Inc.).
7. Moffitt et al., "Characteristics of Women."
8. There is a very low implicit benefit-reduction rate implied by these figures, of about 10 percent. This is possible because of earnings disregards, income-related deductions, and other features of the benefit formula that lower the rate. Past research has shown that low benefit-reduction rates are implied by the relationship between actual benefits and actual earnings.
9. Moffitt et al., "Characteristics of Women."
10. Families of different income levels and family structures were sampled at different rates, but we have survey weights that allow us to generalize our sample to the population of low-income single-mother and two-parent families living in low-income neighborhoods in the city as a whole. We employ these survey weights in all the tabulations reported here. For details on weights and sampling, see P. Winston, R. Angel, L. Burton, A. Cherlin, R. Moffitt, and W. J. Wilson, *Welfare, Children, and Families: A Three-City Study, Overview and Design Report* (Baltimore: Johns Hopkins University, 1999).

Welfare Policies in Three Cities

Boston: Massachusetts is operating under its HHS waiver, which is approved through September 2005. Under its waiver plan, it has a time limit of two out of every five years but no lifetime time limit. It has relatively generous exemptions from those limits and fairly high cash benefits and income eligibility limits compared to the other two states. Massachusetts has no formal diversion policy but does have a family cap and strict provisions for both full and partial family sanctions.

Chicago: Illinois is operating under an approved PRWORA plan with an official five-year lifetime time limit but pays benefits out of state funds for all months in which recipients work or go to school for more than 30 hours per week, effectively stopping the clock. The state has cash benefit levels and income eligibility limits between those of Massachusetts and Texas but has the most generous earnings disregards of the three. Its sanction policy is less strict than that of Massachusetts, and it does not have a diversion policy. Illinois has the longest time period before work requirements are imposed (24 months).

San Antonio: Texas is also operating under HHS waiver authority. Texas has one-, two-, or three-year time limits (four including a one-year waiting period) assigned on the basis of employability, but it had no lifetime limit as of the time of our interviews (since then Texas has imposed the federal guideline of a five-year lifetime limit). The one-, two-, and three-year time limits do not begin until the recipient is offered an opening in the state employment program. The state has fairly low cash benefit levels and income eligibility limits as well as the least generous earnings disregards of our three states. Texas has less strict sanctions than the other two states and does not have provision for a full family sanction, nor does it have a family cap. Unlike Massachusetts or Illinois, Texas has a diversion policy involving one-time payment and mandatory job search.

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Welfare, Children, and Families: A Three-City Study is an ongoing research project in Boston, Chicago, and San Antonio to evaluate the consequences of welfare reform for the well-being of children and families and to follow these families as welfare reform evolves. The study comprises three interrelated components. The first is a longitudinal in-person survey of approximately 2,400 families with children in low-income neighborhoods, about 40 percent of whom were receiving cash welfare payments when they were first interviewed in 1999. The first wave was completed with a response rate of 74 percent. At the time of the interview, 77 percent of the families had incomes below the poverty line. Eighty percent are headed by single mothers, and 20 percent are headed by two parents. They should be thought of as a random sample in each city of poor and near-poor families who live in low-income neighborhoods.[10] Extensive baseline information was obtained on one child per household and his or her caregiver (the mother in more than 90 percent of the cases). The caregivers and children were reinterviewed 16 months, on average, after their first interview. We plan to reinterview them again at the five-year mark and to draw a second sample of families, focused primarily on young parents who are just coming of age and encountering the welfare system for the first time under the new rules. The second is an embedded developmental study of a subset of about 630 children ages 2 to 4 in 1999 and their caregivers, consisting of videotaped assessments of children's behaviors and caregiver-child interactions, observations of child-care settings, and interviews with fathers. The third is an ethnographic study of about 250 families residing in the same neighborhoods as the survey families who will be followed for 12 to 18 months, and periodically thereafter, using in-depth interviewing and participant observation. About 45 of the families in the ethnography include a child with a physical or mental disability. A detailed description of the research design can be found in *Welfare, Children, and Families: A Three City Study. Overview and Design Report*, available at jhu.edu/~welfare or in hard copy upon request.

The principal investigators are Ronald Angel, University of Texas; Linda Burton, Pennsylvania State University; P. Lindsay Chase-Lansdale, Northwestern University; Andrew Cherlin, Johns Hopkins University; Robert Moffitt, Johns Hopkins University; and William Julius Wilson, Harvard University.

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Welfare, Children & Families

A THREE-CITY STUDY

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